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Understanding Taxes

Ordering Package

Order Form Enclosed

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1987

Department of the Treasury
Internal Revenue Service
Publication 1185 (Rev. 7-86)

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Educational Commitment of the IRS

The IRS is committed to helping educators to prepare students for their Federal tax responsibilities through the Understanding Taxes program. Central to this commitment is an emphasis on the principles on which our voluntary compliance tax system is based. As a result, the Understanding Taxes program examines not only the mechanics of tax return preparation, but also the theory and foundations of the concept of taxation.

Broad Objectives of the Understanding Taxes program:

1) To provide teachers and students with the best possible written and audiovisual instructional materials. These materials will assist in making students aware of the following:
   a) where government revenue comes from and the services it provides (Federal budget);
   b) economic theories on which Federal tax law is based;
   c) the role of Congress as tax law maker;
   d) functions of the IRS in its roles as taxpayer service provider; examiner of tax returns, and revenue collector;
   e) how to complete a basic Federal income tax return;
   f) appeal rights under the law;
   g) penalties for violation of the law;
   h) responsibility to keep accurate tax records;
   i) responsibility to prepare and file timely and accurate returns;
   j) relations between the Federal government and states; and
   k) current topics in taxation.

2) To involve the states in a cooperative tax educational effort. This involvement includes cooperation with state departments of revenue, boards of education, state superintendents and their consumer education specialists, adult basic education specialists, school principals, and teachers:
   a) to increase the numbers of students to which this practical tax skills course would be offered;
   b) to initiate teacher training in the use of program materials;
   c) to work toward development, by states, of complementary tax instructional materials specific for each state; and
   d) to work toward acceptance in all states of the concept that basic tax information is a needed practical skill for all pre-adult and adult income earners, and that such information should be offered to all high school age students (including those in adult basic education, cooperative education and English as a second language programs).

READEX FICHE

Understanding Taxes Program

Historical Background

The Understanding Taxes program began in 1954 when a group of Washington, D.C., teachers requested material from IRS that they could use to teach tax law and the role of taxes in society. The local Public Affairs Officer developed a basic package of material for the teachers to use. Although the materials were not designed specifically as educational materials, the teachers liked them, recommended them to other teachers, and the program had begun.

During the late seventies, educators and IRS officials suggested expanding the Understanding Taxes program to include information on the "whys" of taxation. A study of the Understanding Taxes program was conducted which included interviews with teachers across the nation and reviews of teacher evaluations on the existing program. As a result of the study, Understanding Taxes contain additional topics and was put into a modular format.

1987 Program

The 1987 Understanding Taxes program includes material on economics, politics, state taxes, and taxpayer rights and responsibilities. The material is printed in modules. Each topic is in a separate unit which can stand alone as a lesson. Here is a listing of the module topics.

Module 1 - Taxpayer Responsibilities and Rights

Module 2 - How to Prepare An Income Tax Return

Module 3 - History of Taxation

Module 4 - Economics of Taxation

Module 5 - Politics of Taxation

Module 6 - State Taxes

Module 7 - Facts and Fallacies About the IRS

Module 8 - Glossary of Tax Terms

Module 9 - Current Issues in Taxation

With the modular format teachers find it easy to integrate Understanding Taxes into regular curricula. Since each module is designed to completely cover a topic, teachers find the materials more compatible with different subjects. The modules can be taught in any order. Modules on such topics as history, economics, and politics can be used in your curriculum whenever you find them appropriate with your overall course objectives.

Also available is the *Tax Whys Understanding Taxes* video/film series. Consisting of six 15-minute programs, the series was cooperatively developed by the departments of education for the 50 states and the District of Columbia. The project was coordinated by the Agency for Instructional Television and the Joint Council on Economic Education.

For the past several years teacher training workshops have been conducted at over 250 Centers for Economic Education. These workshops will familiarize teachers with *Understanding Taxes* and provide guidance on how it can be integrated into existing curricula. Teacher training workshops are planned for the future.

Understanding Taxes Materials

Student Text - Publication 21

The Understanding Taxes course book looks like the magazine section of a Sunday newspaper. Eight modules are included in the publication. When ordering your materials, please combine orders for all teachers in your school.

Form Blow-ups

Forms W-2, 1040EZ, 1040A, 1040 and Schedule A are available in a blown-up version. They are ideal for large classrooms where transparencies are hard to see. Some teachers put plastic over the figures column and work the problems with a grease pencil.

Teachers Guide - Publication 19

Lesson plans corresponding to each module in the student text have been developed to help you teach the course. The suggested lesson plans can be modified depending on the grade and learning ability of your students. Additional activities are listed for most modules that can increase the length of the lesson and make the topic more interesting. These activities also include the Tax Whys Understanding Taxes video series. Quizzes to be given at the end of each module are also included in the publication.

Reference

A copy of Publication 17, Your Federal Income Tax, is sent to each teacher who orders the Understanding Taxes program material for classroom use. Instruction booklets for Forms 1040EZ, 1040A, and 1040 are available free from your local Internal Revenue Office as are other free tax publications that can assist you in teaching the course.

Films

The departments of education for the 50 states and the District of Columbia in 1984 cooperatively developed a classroom film series entitled "Tax Whys Understanding Taxes". Consisting of six 15-minute programs, the series introduces students to such concepts as the role taxes play in providing goods and services by federal, state and local governments; how taxes influence behavior; how some taxes are shifted from one taxpayer to another; how one can judge how fair a tax is; and how compromises are made to minimize conflicts in tax goals. This series may be available free from your department of education or your state Council on Economic Education. The series may also be purchased at a discount from: The Agency for Instructional Technology, Box A, Bloomington, IN 47402, Attn: Director of User Services, Phone No.: Indiana Residents (812) 339-2203, all others 1-800-457-4509.

The Understanding Taxes Coordinator at your IRS district office *may* also has three older films and videotapes in short supply. They are available primarily on video tape, although few district offices also have them in 16mm film, and may be borrowed free of charge. The films are:

The Subject was Taxes—portrays the history of taxation from earliest times to the the present (16½ min.).

What Happened to My Paycheck?—examines the modern payroll withholding deduction system and the processing of tax returns (16½ min.).

Money Talks—looks at the role of taxation in American history (26 min.).

Write to your IRS Understanding Taxes Coordinator listed on page 9 of this order package to request these tapes. Be sure to include your business telephone number and address in your correspondence.

Taxpayer Responsibilities and Rights

MODULE 1

This module begins by defining the concept of voluntary compliance. The first half of the module explains your responsibilities as a taxpayer: filing for a social security number; completing a Form W-4 when you get a job; and preparing your income tax return once you receive your Form W-2. The second half of the module describes rights that all taxpayers have under the law. The examination process is described in detail starting with how a return is selected for examination and ending with the appeal rights available to taxpayers who do not agree with the results. The process used in collecting unpaid taxes is also explained.

How To Prepare An Income Tax Return

MODULE 2

This module is divided into three sections, each dealing with a different tax return. The three sections are preceded by an introduction to tax preparation which includes information on filing requirements, filing status, and exemptions. The lesson starts with preparing Form 1040EZ and 1040A and ends with and introduction of Form 1040. This progression allows you a great deal of flexibility. You may teach the preparation of just a simple return. By using the entire module you can teach students how to prepare both a simple and more complex return. Students are walked through the tax returns step-by-step with detailed instructions. Examples illustrate important points, and problems are provided for each section.

History of Taxation

MODULE 3

The history of taxation in the United States is discussed from colonial times to the present. Emphasis is on the incidents or events which affected the raising or lowering of taxes.

Economics of Taxation

MODULE 4

This module explains the need for taxes to raise revenue to pay for various government services. Taxes on income, consumption, and wealth are also discussed. Figures are given on where the federal government's revenue comes from and where the money is spent.

Politics of Taxation

MODULE 5

This module gives a detailed description of how a bill becomes a law. The workings of various committees in both the House and Senate are described. The lesson also shows how members of Congress are influenced into voting for or against a bill.

State Taxes

MODULE 6

This module gives general information on various taxes imposed by state governments. State income tax is the main emphasis of the lesson. Both the flat-rate method and graduated rate method of determining income tax are described. Sales tax and property tax are also discussed. Other taxes mentioned include fuel tax, inheritance tax, and corporate income tax.

Facts and Fallacies About the IRS

MODULE 7

Many taxpayers have misconceptions about income tax law and the procedures of the Internal Revenue Service. This module presents nine common misconceptions or fallacies about the IRS. Each fallacy is followed by the actual facts on the topic.

Glossary of Tax Terms

MODULE 8

This module contains terms from all eight modules with their definitions. After each term, there is a number in parentheses which refers to the module where the subject is primarily discussed.

Current Issues in Taxation

MODULE 9

This module is optional and can be used in conjunction with Module 4, Economics of Taxation, or Module 5, Politics of Taxation. It contains 3 simulation activities and 2 handouts. All materials are in the Instructor Guide.

One activity entails giving the students a handout of revenue-raising options based on a report from the Congressional Budget Office dated February 1982. Students are to develop options for reducing the federal deficit and then debate the economic or political pros and cons among the options.

Ordering Materials

Course Materials

The order form for Understanding Taxes course materials is on the opposite page. Because of the large number of orders we receive, please follow the instructions below to ensure that your order is processed expeditiously.

If there are name and address labels on the back cover of this workbook, use them on the order form. If the address on the label is currently a Post Office box, it must be changed to a street address for materials to be delivered. Any changes to the name or address should be made directly on the label.

If there are no name and address labels on the back cover of this workbook, type or print your name and address clearly in the order form. As stated above, the address must be a street address rather than a Post Office box. Be sure to type or print the name and address of your IRS district office on the outside portion of the order form. The directory of district office addresses is located on the inside back cover of this booklet.

Consolidate orders for all teachers in your school. Remember that all the modules are in one booklet. Therefore, if several teachers from your school plan to use the materials send only one combined order. To avoid distribution problems within your school, be sure the mail room or administrative office is aware of where to deliver the materials.

When ordering materials, be sure to request one Student Guide, Publication 21, for each student who will receive instruction.

Order one copy of the Teacher Guide, Publication 19, for each teacher who will use the materials in the classroom. Please try to limit the ratio of Teacher Guides to Student Guides to no less than 1:35.

List a name and phone number of someone we may contact, if necessary, concerning your order.

Please make a photocopy of the completed order form for your records.

Should you have any concerns regarding your order, you may contact the Understanding Taxes Coordinator in your district. A directory of addresses and phone numbers is located on the inside back cover.

Order materials as early as you can. Processing of orders can take as long as 12 to 16 weeks.

Special Note for Overseas Participants:

The IRS cannot ship your order through the International Mail System; it must be shipped via an **Army Post Office** (APO), or a **Fleet Post Office** (FPO). Generally, the APO/FPO mail facilities **Do Not Deliver Locally**, so unless you already have an arrangement to receive your mail (from the U.S.) through one of these systems, please do so. Contact the nearest U.S. Department of Defense installation for the proper address and format.

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Order Form for Understanding Taxes Materials

Form 1742
(Rev. 7-86)

To ensure delivery in December or early January, your order must be received by October 21, 1986.

(1) Please attach your school address mailing label which is located on the back cover of this booklet. Make any corrections directly on the label. **If your address on the label is currently a Post Office box it MUST be changed to a street address.** If this booklet does not have a mailing label, please type or print your address.

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(205) 731-0403
Toll Free (800) 424-1040

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Anchorage, AK 99510
Anchorage, 561-7484
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